

VZCZCXRO4434
PP RUEHLN RUEHVK RUEHYG
DE RUEHDBU #0835/01 1241747
ZNR UUUUU ZZH
P 041747Z MAY 06
FM AMEMBASSY DUSHANBE
TO RUEHC/SECSTATE WASHDC PRIORITY 7421
INFO RUCPDO/USDOC WASHDC PRIORITY 0089
RUEHML/AMEMBASSY MANILA PRIORITY 0048
RUCNCIS/CIS COLLECTIVE
RUEHAK/AMEMBASSY ANKARA PRIORITY 1599
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1606
RUEHRL/AMEMBASSY BERLIN PRIORITY 1578
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 1575
RUEHBUL/AMEMBASSY KABUL PRIORITY 1530
RUEHLO/AMEMBASSY LONDON PRIORITY 1532
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1522
RUEHFR/AMEMBASSY PARIS PRIORITY 1403
RUEHKO/AMEMBASSY TOKYO 1349
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHINGTON DC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RHMFISS/HQ USCENCOM MACDILL AFB FL
RUEHNO/USMISSION USNATO 1564
RUCNDT/USMISSION USUN NEW YORK PRIORITY 1135
RUEHVEN/USMISSION USOSCE 1600
RUEHBS/USEU BRUSSELS PRIORITY 0922
RUEHDBU/AMEMBASSY DUSHANBE 8647

UNCLAS SECTION 01 OF 03 DUSHANBE 000835

SIPDIS

SENSITIVE

SIPDIS

STATE FOR SCA/CEN, S/P, EB
PLEASE PASS TO TDA
MANILA FOR ADB AMB. SPELTZ

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [ECON](#) [ENRG](#) [AF](#) [TI](#)

SUBJECT: TAJIK DEPUTY PM OUTLINES VISION FOR HYDROPOWER SECTOR

REF: A) DUSHANBE 0326 B) DUSHANBE 0327 C) DUSHANBE 0748 D) DUSHANBE 0802

DUSHANBE 00000835 001.2 OF 003

11. (U) Sensitive but unclassified. Please handle accordingly.
Not for public Internet.

12. (SBU) SUMMARY: Although the Chinese have made the Tajiks an offer too good to refuse on a South-North transmission line project, according to Deputy Prime Minister Asadullo Ghulomov, many energy projects remain for U.S. and other investors. AES's proposed project to build 220 kV transmission lines to the Afghan border remains on track, but the Asian Development Bank (ADB) has yet to finalize the funding - which appears to be the key sticking point. Ghulomov prefers that Tajik presentations at the June Istanbul conference focus on mid-sized generation and transmission projects and not rehabilitation of existing facilities that will bring only small increases in output. Dasti Zhum represents the first of three significant hydropower projects he says will "tame the River Pyanzh" and bring energy security to future generations in the region. He hinted that the United States could take the lead on regional transmission projects. END SUMMARY

13. (SBU) An exceptionally animated Ghulomov spent more than 75 minutes May 5 explaining his vision for Tajikistan's hydropower sector. He confirmed press reports that the Chinese would finance and construct South-North (Dushanbe-Khujand) high voltage lines, offering 95% financing through a 20-year loan with a seven-year grace period. A second high-voltage line between Lolazor and Obi Mazar, west of Dushanbe, was included in

the package. Ghulomov noted the Chinese deal was part of a regional \$900 million assistance package through the Shanghai Cooperation Organization. Reluctant to call it absolutely final, he reported the Chinese and Tajiks would sign the agreement on June 15, and noted that while they welcomed any investment in that project, no other donors or investors came close to matching the Chinese terms.

AES ON TRACK

14. (SBU) Financing was the last hurdle delaying the government's signing a memorandum of understanding (MOU) with AES to construct 220 kV transmission lines, but Ghulomov dismissed this as a technicality. "Signing an MOU, an agreement or a contract, what does it matter? We've agreed to do it and are waiting for the ADB or another donor to figure out the funding. " (NOTE: AES has been waiting for the Tajiks to sign an MOU that would establish a joint venture to build the lines. END NOTE.) Ghulomov looks forward to meeting the AES CEO when he visits Dushanbe at the end of May. He also proposed AES consider medium sized-generation projects.

TDA ISTANBUL CONFERENCE

15. (SBU) Ghulomov accepted the invitation to the U.S.-sponsored "Energy Without Borders" conference in June in Istanbul, but observed the presentations the Trade and Development Agency requested did not entirely match Tajikistan's energy priorities. Ghulomov saw no point in presenting the South-North transmission lines project days before they would sign the agreement with the Chinese. According to Ghulomov, the Kairakkum rehabilitation project would only bring a net gain of 12 MW to Tajikistan's energy supply. He stated that rehabilitation projects were a low priority.

16. (SBU) Instead, Ghulomov proposed that after his overview presentation, Energy Minister Yurov could outline projects in

DUSHANBE 00000835 002.2 OF 003

the upper Vakhsh, including Enurskaya hydropower station and Garmskaya hydropower station, a 400 MW project. (NOTE: This is the first time anyone in the Tajik government suggested developing the upper Vakhsh river. Most talk focuses on Rogun and below, and Enurskaya does not appear in any of the previous Ministry of Energy materials. END NOTE.) Ghulomov suggested state-run electric utility Barqi Tojik's presentation focus on high voltage lines, namely Rogun-Sangtuda to the Afghan border. REGIONAL TRANSMISSION LINES NEEDED

17. (SBU) Changing topics, Ghulomov explained that new transmission lines to Kyrgyzstan and Kazakhstan would help Dushanbe break its dependence on Uzbekistan to transmit power to northern Tajikistan, but noted it was a sensitive topic and not yet a matter for public discussion. He drew a map to show how a transmission line from Kazakhstan to Datka, Kyrgyzstan, to Khujand could supply Tajikistan's Sughd region with 6.5 billion kilowatts per hour per year.

18. (SBU) This power transmission would supply reliable electricity to Sughd, freeing Tajikistan to export electricity from its southern grid. Currently the Sughd electricity grid is connected to the southern grid through 1500 km of 500KV transmission line running through Uzbekistan. They would save money on transit fees, he noted. "And we would prevent Uzbekistan from controlling us!" he added with a smile. He commented on how a 220KV power transmission line exists between Konibodom, Tajikistan, and Batken, Kyrgyzstan, but 22 km of this line runs through Uzbekistan. Uzbekistan finds various reasons to interrupt power transmission. "We have good relations with the Kyrgyz and the Kazakhs, but we need a catalyst to start this (high voltage transmission line) project," he commented. However, he suggested several times that the United States could play a regional role in establishing a transmission network.

DASTI ZHUM

19. (SBU) Ghulomov was pleased that his trip with PolOff to the Dasti Zhum site April 17 had made such an impression on the visiting advisors from Embassy Kabul (reftel C). The 4000 MW

Dasti Zhum was the first of three large projects. Hydropower stations at Roshan (3,000 MW) and Granite Gates (2,100 MW) would also help tame River Pyanzh, he said. PolOff emphasized that to attract donors, Tajikistan and Afghanistan would need to take some concrete steps to prove their cooperation before anyone would consider funding even a feasibility study.

¶10. (SBU) Ghulomov could offer no clarification on the status of agreements between Tajikistan and Afghanistan. "The Cooperative Agreement has been signed," he argued. When posed the question whether there were any outstanding agreements that need to be signed before Tajikistan could export electricity south, he paused and noted that a seven-member Afghan delegation led by the deputy minister of power would be in Dushanbe May 21-22 to discuss further cooperation in the power transmission and electricity issues. (COMMENT: We are concerned that Tajikistan and Afghanistan left on their own, without international advisers present, will not necessarily do the right things to move forward. We suggest Embassy Kabul consider the possibility of adding U.S. advisers to this Afghan delegation. We will help on the Tajik side to the fullest extent possible. END COMMENT.)

¶11. (SBU) COMMENT: Ghulomov was unusually expansive, and kept an Avian Flu assessment team from the WHO, UNICEF, FAO, and World Bank waiting 45 minutes while he carefully explained his vision to us. He seemed enthusiastic about the Istanbul

DUSHANBE 00000835 003.2 OF 003

conference, but wanted to be sure the requested presentations were in line with what Tajikistan needed and wanted to do. Fortunately, he did not push mega-project Dasti Zhum as a topic for Istanbul, but understood the need for concrete projects that would attract U.S. investors and suppliers. He ran out of time before talking about the goals of the Islamabad regional energy meeting May 8-9, or the latest on RAO UES and Sangtuda, but promised to meet again at the end of the month. END COMMENT.
HOAGLAND